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C O N F I D E N T I A L KAMPALA 001278

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SUBJECT: UGANDAN ELECTIONS: PROFITS FIRST, TRANSPARENCY
LATER

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Classified By: Pol/Econ Chief Aaron Sampson for
reasons 1.4 (b) and (d).

¶1. (C) Summary: The Electoral Commission's (EC) recent announcement that it is postponing award of a \$15 million biometric voter ID contract - for which one U.S. company is short listed - has sparked concerns about the priorities of the Commission, and the competing business interests of presidential insiders like Security Minister Amama Mbabazi and Foreign Minister Sam Kutesa. On October 30, the EC Secretary confirmed that the tendering process is on hold and revealed that the Commission has dedicated all of its available funding for 2010 to this single project, leaving no resources for other activities that are more important to the success of the February 2011 elections. End Summary.

Allegations of Election Profiteering

¶2. (SBU) Uganda's EC temporarily suspended procurement of a \$15 million biometric voter ID system on October 8, just five days after inviting the U.S. firm L-1 Identity Systems to present its ID system to the Commission. The contract is intended to eliminate inconsistencies in voter registries for selected urban areas in advance of the 2011 election. Although the procurement is valued at \$15 million, the total contract could reach \$60 million as Uganda is expected to extend the voter ID system into a national ID program. L-1 has said it is one of four companies short-listed for the contract.

¶3. (C) On October 26, Susan Katono, an official with L-1's local partner Balton Uganda Ltd., attributed the new delay to Ugandan interest in a Bangladeshi company that submitted an unsuccessful bid on the tender. The EC's Chairman and Secretary traveled to Bangladesh, along with officials from the Internal Affairs Ministry, October 19-24. Katono accused authorities of trying to transfer the project from the EC to the Ministry of Internal Affairs, which would allow the Internal Affairs Ministry to change the tender to a time-sensitive, non-competitive bid. Transferring the project will also transform what began as an attempt improve Uganda's voter registry in time for 2011 into a three year national ID system unrelated to the upcoming election.

¶4. (C) The alleged involvement of Foreign Minister Sam Kutesa and Security Minister Amama Mbabazi complicates matters further. Katono alleged that Kutesa has "close financial ties" to the Bangladeshi company now reportedly under consideration. The Secretary of the EC, Sam Rwakoojo, is Kutesa's nephew. Katono, meanwhile, is Mbabazi's niece. Both Kutesa and Mbabazi are National Resistance Movement (NRM) insiders with rival political ambitions, competing

financial interests, and reputations tarnished by corruption.

An internal NRM report, commissioned by Mbabazi in his role as NRM Secretary General and leaked to the press, accuses the EC and specifically Rwakoojo of corruption and incompetence (septel). The report recommends firing Rwakoojo "as he has done the most to damage the NRM." After discussing L-1's bid, Katono told EconOff that the NRM needs "fresh blood" and that her uncle Mbabazi is the standard bearer of new NRM leadership.

Election Commission: Contracting Process Under Review

¶5. (SBU) On October 30, Rwakoojo told EmbOffs that the voter ID procurement was temporarily suspended due to a protest lodged by another company, and that Uganda's Public Procurement and Disposal of Public Assets Authority (PPDA) is now reviewing the entire tendering process. The Embassy stressed the importance of a fair and open bidding process not only for the voter ID tender, but to set an example for the 2011 elections. Rwakoojo said the process, once restarted, would be fair, open and transparent. Rwakoojo said the Commission's target award date of December, with implementation starting in March 2010, is now likely "overshot." He said the project could still be completed by 2011, but that the process will "be a bit rushed."

The Commission's Strange Budget Priorities

¶6. (SBU) The EC requested 198 billion shillings

(approximately \$99 million) for the 2011 election cycle, with \$44 million for FY 2009/10 and \$55 million for FY 2010/11. The 2011 budget request is much higher than the \$68 million required for the 2006 elections and the \$58 million needed for elections in 2001. According to the Deepening Democracy Project (DDP), which is a \$25 million EU-funded basket program to support the 2011 elections, the Commission spent approximately \$4.30 per registered voter to administer the 2006 elections. The Commission is now on pace to double this, by spending \$8.60 per voter in 2011.

¶7. (SBU) The higher 2011 budget is due to the Commission's inclusion of sunk infrastructure costs for projected new offices in all of Uganda's 80-odd districts plus Kampala, the addition of permanent Commission staffers across Uganda, and the biometric voter ID project. The Ugandan government promised the Commission \$18.5 million for FY 2009/10. Rwakoojo said the Commission has so far received \$13 million.

He said the budget shortfall forced the Commission to scale back plans for the construction of new offices, the provision of cars for presidential candidates, and vital activities like the reorganization of polling stations and poll worker training. Polling station reorganization and poll worker training are critical to avoiding overcrowding and confusion on election day. The massive budget shortfall has not, however, changed the voter ID project. Rwakoojo listed the voter ID project as the Commission's top priority, with all available funding for 2010 currently dedicated to this contract, and said other activities are dependent on additional resources from the government or foreign donors.

Comment: The Great Voter ID Gambit

¶9. (SBU) We will continue to urge the Electoral Commission to safeguard the transparency and fairness of the voter ID tender. Failure to ensure transparency will adversely impact the ID project, further tarnish the credibility of the Electoral Commission (reftel), and undermine the integrity of the elections the Commission is mandated to administer.

¶10. (C) The voter ID project will almost certainly not be completed in time for the February 2011 elections, meaning

Uganda will enter the 2011 election with only minor changes to its current electoral register. Even if the voter ID project does move forward, the project targets just 17 towns and cities in Uganda. Rwakoojo justified these parameters by claiming that suspect voter registrations are most prevalent in urban settings where citizens do not know their neighbors.

Towns and cities also happen to be opposition strongholds, and according to 2009 World Bank data only 13 percent of Uganda's population inhabit urban areas. Consequently, the Electoral Commission is poised to spend 100 percent of its available funding for 2010 on a project of doubtful feasibility designed to issue specialized voter ID cards to prevent fraud among a tiny slice of the Ugandan population known for supporting opposition parties.

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